



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

September 13, 2011

Mr. Mike Machado
14215 River Road
P. O. Box 530
Walnut Grove, CA 95690

Dear Mr. Machado:

The California Department of Food and Agriculture (CDFA) commends the authors of the Public Draft Economic Sustainability Report ("Public Draft") released July 21, 2011, for the breadth and depth of its analysis. The report contains valuable information regarding Delta communities and is significantly improved over previous drafts.

Nonetheless, CDFA urges the authors to further strengthen the Public Draft. Focusing on "Chapter 8: Agriculture," CDFA urges the report's authors to incorporate its previously offered comments into the final Economic Sustainability Plan (ESP).

First, the value of all processed products of Delta agriculture should be included in the ESP in order to get an accurate picture of Delta agriculture. On page 105 of the Public Draft, the authors state that only food and beverage manufacturing with a clear link to Delta agriculture will have a value included in the report. While being produced in the Delta is likely to be an important factor in the overall production of these products, it is not necessarily the only factor. It is also likely that many of these food and beverage products and manufacturing facilities would continue to be viable in the Delta absent agriculture in the Delta. There are likely many reasons food and beverage manufacturers source a portion of their raw product from the Delta and many reasons why they locate their manufacturing facilities therein, not all of them tied to the fact that the raw product is from the Delta. These reasons include quality, timing of harvest relative to other regions, flexibility in facility utilization, regulations, infrastructure, etc. Thus, the report's authors should assess and include all food and beverage manufacturing in order to fully and accurately reflect the value of Delta agriculture. Excluding this agricultural value from ESP calculations misstates the value of agriculture in the Delta.

Likewise, the value of dairy products produced from the feed crops grown in the Delta should be included. While it may be true that dairies outside Delta boundaries can source their feed from other areas at a higher cost, the feed crops (mainly alfalfa hay) grown in the Delta are an important component in their business models and resulting products. Having access to Delta-produced feed keeps their major input cost – feed – down for many reasons, transportation expense being the main one. Thus the economic value of dairy products produced in the Delta must be considered.



Mr. Michael Machado
September 13, 2011
Page Two

CDFA continues to be concerned with the representation of alfalfa in the report. In some instances it is categorized as a separate crop, i.e. Table 10; in some as pasture, i.e. Tables 6 and 8; in other instances it is not clear how alfalfa is categorized, i.e. Tables 7, 9, 12, and 19 and Figure 19. Alfalfa should be categorized as a field crop; it is grown as a field crop in that it is cultivated, harvested, and sold to other entities to utilize for feed. It is also an important rotation crop for both field and truck crops. In addition, its value per acre is more aligned with other field crops. Thus, CDFA urges its uniform categorization as a field crop and that all tables, figures, and economic estimates are amended accordingly.

CDFA also urges the report's authors to cite the sources of their information in "Chapter 8: Agriculture." Unlike many other chapters in the Public Report, there is a dearth of information sources cited in Chapter 8. Without such sources, the report does not meet the standards of transparency that the Commission has striven for, nor is it possible for the public to independently assess the assumptions and conclusions of the authors. Both transparency and the ability to analyze the report are critical to its future usefulness.

CDFA also urges the report's authors to seriously consider the University of California, Davis Agricultural Issues Center report, "Evaluations of Policy Alternatives to Benefit Agriculture in the Sacramento-San Joaquin Delta of California." CDFA strongly disagrees with the author's statement on page 107 of the Public Draft that the ideas contained within the UC Davis report "deflect discussion of larger actions within the BDCP or the Delta Plan that could have negative effects on Delta agriculture." While the UC Davis report does not address the same breadth of issues as the ESP, it does provide valuable insight into the Delta's economic future. Agriculture is vital to the Delta and recommendations within the ESP must include provisions that "protect, enhance and sustain" (Water Code Section 85301(a)) farming and ranch lands within the region.

CDFA thanks the Commissioners and the report's authors for their effort in drafting the EPA and urges that CDFA's comments be addressed in the final ESP. CDFA's remarks will only strengthen the analysis and conclusions of the ESP, a critical step in ascertaining the correct path forward for the Delta.

Sincerely,



Sandra Schubert, Undersecretary
Commissioner, Delta Protection Commission